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PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

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APRIL 1980

23 Buyers Report:

HBA Grabs 4% of Sales From 2.3% of Store Space

by Joe Allen, general merchandise editor, and Marianne Faybik, market research manager

NEW YORK CITY—Favorable shopper response to expanded selections of cosmetics and diet aids is a key reason why health and beauty aids will snare over four percent of grocery store sales this year.

That, at least, is the impression conveyed by respondents to SUPERMARKET BUSINESS' latest annual HBA survey.

This year, information was provided by 23 buyers representing 1,340 stores. According to respondents, HBA sales rose 11 percent in 1979, with another 14 percent jump projected for 1980.

Last year, HBA brought in 4.08 percent of store receipts from 2.37 percent of store space. Buyers expect the sales figure to reach 4.33 percent by the end of 1980.

Meanwhile, average weekly HBA sales per square foot is pegged at $7.48, compared to $4.35 for the entire store. The average store in the sample had weekly HBA sales of $3,959.

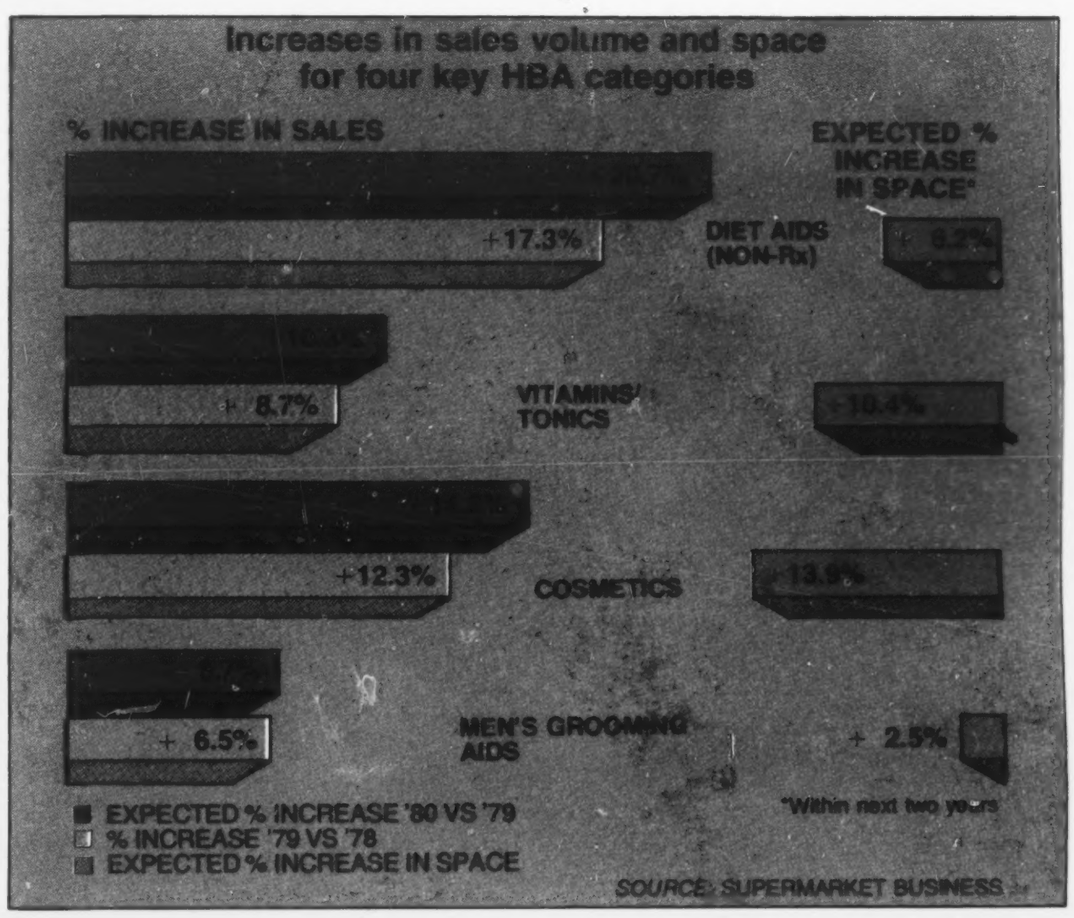
HBA's healthy sales/space ratio led most buyers in SB's survey to project growth in the HBA department over the next two years. Few buyers said they would cut space in any category.

"HBA is providing 'X' amount of sales on 'Y' amount of space," said the HBA buyer from a New Jersey chain. "It's logical to assume that to accommodate all the increases in individual categories, we're going to have to expand in some way."

Cosmetics, dieting aids and vitamins were given close attention in the study, and they all turned in very encouraging figures.

■ Cosmetic sales rose by 12.3 per-

■ *Continued on page 32*



Knowing What's In Food You Sell Will Give You an Edge

by Cheri Harris, Cheri Harris Associates

SACRAMENTO—The grocer who can answer shoppers' questions about the food he sells will have a decided edge in the 1980's over competitors who can't, if the number of consumers who answered recent requests for labeling input is any indication.

Consumers went by the hundreds last year to hearings throughout the U.S. to tell a panel of FTC, FDA and USDA regulators just what information should be included on food labels.

Thousands of other consumers who didn't attend these hearings sent written testimony to be entered directly into the hearing record. Testimony totalled approximately 10,000 statements.

The point this makes? Consumers—not just "consumer activists" but the real, live people who shop in your store daily—are growing more and more concerned about what's in the foods they buy. They're concerned enough to

■ *Continued on page 28*

Specialty Foods Give Chain Distinctive Flavor

by Judie Crosson, midwest editor

CHICAGO—The same merchandising flair put to work at Saks Fifth Avenue and Bloomingdale's makes nine Treasure Island food stores here especially appealing to a similar market—upper-income, free-spending shoppers with a taste and thirst for adventure.

A lavish smorgasbord of foreign foods and wines; colorful, boutique-like store departments designed to resemble European specialty shops; and a judicious sprinkling of gourmet general merchandise season the T.I. group with a distinctive Continental flavor.

Located mostly near the part of the city's lakefront known as "Millionaire Mile" and in high-income suburbs, T.I. stores draw their customers chiefly from luxury highrises and condominiums. The T.I. group, founded with one store in 1961, strongly reflects the tastes, philosophy and interests of its owners, partners Frank Kamberos, president; his brother, Christopher, secretary - treasurer; and Bill Allen, vice president.

Most T.I. stores range from 22,000 to 28,000 square feet; the exception is a 15,000-square-foot unit in Wilmette, a suburb north of Chicago. One noticeable difference between T.I.'s stores

■ *Continued on page 8*

A PARISIAN STREET? No, it's the outside of a Treasure Island supermarket in Chicago. Food from around the world and Continental ambiance draw upper-crust shoppers.

Diet Aids Capture More Attention As Volume Surges

by Robert D. Rauch, assistant editor

NEW YORK—Surprised and delighted by the dramatic sales surge of diet aids, supermarketers are taking another look at what has become one of the fastest-growing HBA product categories.

Sales volume of over-the-counter appetite suppressants jumped more than 30 percent last year, and is expected to score equally impressive gains during the 1980's.

Once found almost exclusively in drug stores, diet aids are capturing more and more shelf space in food stores. Some retailers inteviewed by

■ *Continued on page 40*

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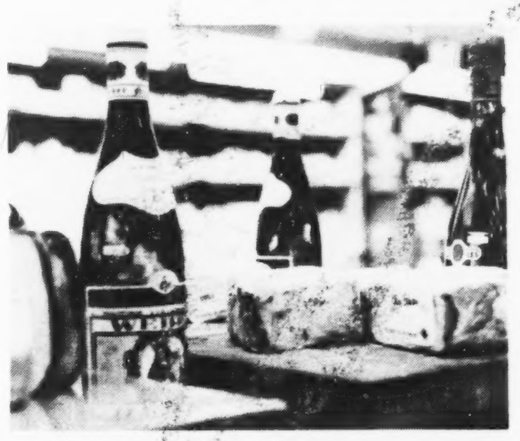

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Here Are 10 Ways To Win The Time Management War

by Howard Rauch

Effective time management—for many of us a highly elusive goal—has become a hot seminar/workshop topic in recent years, and I'm sure it will be scheduled for a run at some upcoming grocery convention.

Meanwhile, if you're in the same boat I am, your paperwork load has been mounting up, you have more people to deal with than ever before, there are more meetings eating into your schedule...and wading through all of this and getting some work done too can really be considered an accomplishment.

This month, I'd like to depart from my usual practice of discussing the grocery business so I can focus on time management. It's a personal area where I'm convinced I can do a much better job; maybe some of you feel the same way.

A few weeks ago, I heard a consultant, Anthony J. Allessandra from La Jolla, California, discuss time management at a workshop focusing on 10 "time wasters." I consider myself a time management freak to some degree; Alessandra advises against that, and had several new angles to present.

So for those of you scrapping to win your own time management war, here are some sage words courtesy of Tony Alessandra:

(1) *Paperwork.* Resist the temptation to handle paperwork, particularly mail, several times. Open mail only when you have time to take action. One idea is to put a check mark on a piece of paper every time you pick it up. You may be surprised to find how often you're handling the same item.

(2) *Poor physical fitness and diet.* You must make time to exercise. For every hour you invest in exercise, you will get two solid hours of productivity in return.

(3) *Perfection.* Some jobs have to be perfect, but they are few and far between. So if you tend towards perfectionism, stop every once in a while and ask: What will happen if I don't give this project 100 percent? The answer may be—"probably nothing."

(4) *Distractions and interruptions.* Some of us invite these, especially if our desks are facing traffic flow. If you have an office with a door, leave it partially open. People will know you're in, but they don't have an open invitation to visit.

(5) *Meetings.* Calling meetings can become an addiction which must be resisted. When someone wants to involve you in a meeting, ask for the objective. Knowing that, perhaps you can propose another way to handle the matter, like via telephone.

But if you decide that a face-to-face meeting is important, postpone it to "non-prime time"...such as prior to lunch or before quitting time. "Prime time" is when you're most efficient; avoid meetings then.

Furthermore, if a meeting is necessary, have a detailed agenda with starting and ending times—and distribute the agenda in advance, indicating specific time periods allocated to each agenda item. After the meeting, distribute a memo reviewing decisions made and responsibility delegated.

(6) *Procrastination.* Unfortunately, the more important the task, the more we put it off. Therefore, take big tasks and break them down into identifiable sub-parts. Then set an implementation schedule.

(7) *Quantity or quality?* If you have a "to do" list, don't look for quantity. Cross off items that are low priority. Once you've determined what jobs are high priority, arrange them on your list in order of priority. And be sure to finish item one before going to item two.

In fact, you should set a policy that you can't skip an item unless you hit a roadblock and need more information.

(8) *Overcommitting yourself.* High achievers tend to overcommit; they say "yes" too often, and end up juggling too many things at one time. You should have a plan that furthers your goals and objectives; part of that is learning to say "no" in a nice way.

(9) *Inability to delegate.* Too many of us put too much emphasis on *doing* rather than *managing.* If you have an assistant or secretary, delegate work *without strings attached.* Don't pull a task back at the slightest sign of fumbling. Allow mistakes.

(10) *Miscommunicating.* Use two-way communication. Make sure you understand what is expected of you—and make sure others understand what you expect of them. ■

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Buyers Predict Cosmetics Will Snare 17.2% Of HBA Volume This Year, Up From 15.7% in 1978

■ *Continued from page 1*

cent in 1979 and are expected to increase by 14.8 percent this year.

■ Dieting aid volume was up more than 17 percent in 1978 and is expected to rise another 20.7 percent in 1980.

■ Vitamins and tonic sales rose 8.7 percent last year and are expected to gain an additional 10.3 percent by year-end.

Cosmetics Show Strong Growth

In the stores covered by SB's survey, cosmetics accounted for 15.7 percent of total HBA sales last year, up slightly from 15.5 percent in 1978. Buyers expect cosmetics to snare 17.2 percent of HBA volume this year.

"There's plenty of room for this category to expand in the coming years," a midwest HBA buyer told SB. "We're just starting to see where we'll be able to go with these items. We haven't even begun to see what men's products can do. I think it's going to be a big factor in the 80's, perhaps even getting five percent of total general merchandise sales."

The average increase in cosmetic space in the sample stores was a hefty 13.9 percent.

According to the respondents, the growth in cosmetics is getting a strong push from expanding perfume and fragrance sales. In 1978, only 11.8 percent of the surveyed stores carried any kind of fragrances or perfumes. Last year the figure jumped to 17.6 percent. By the end of 1980 it is expected to reach 23.5 percent.

The expansion seems to signal a willingness on the part of buyers to tackle the supply problems that come with the category, including the reluctance on the part of some manufacturers to sell to supermarkets.

Perfumes and fragrances also showed the greatest growth in terms of the number of brands carried by the sample stores. In 1978, the average store selling fragrances carried 4.5 brands. By the end of this year, that number will increase to just under seven, buyers said.

The fastest-moving cosmetic categories were lipstick, nail polish and eye makeup. Seventy percent of the respondents named lipstick as one of the three top movers, while 65 percent listed both nail polish and eye makeup.

Meanwhile, lipsticks, nail enamels, eye shadow, makeup bases, blush makeup and face creams were all carried by more sample stores last year than in 1978. More than 75 percent of the buyers said they carried such products in 1979, a substantial increase over the previous year.

Dieting Aids Catch Fire

Another category making strong gains is dieting aids. The growth is coming largely on the strength of heavy manufacturer advertising support as well as consumer trust in the products' safety. Manufacturers say their studies show users of these products include men and women, many of whom are not greatly overweight, but just interested in shedding a few pounds.

"We haven't even begun to see what men's products can do. I think they're going to be a big factor in the 80's, perhaps even getting 5% of total general merchandise sales."

As a result, the growth figures for the sample stores look like this: In 1978, 31 percent carried tablet dieting aids. By the end of this year, 73 percent will be stocking such products.

Liquid dieting aids have also jumped dramatically. By the end of this year, according to respondents, 57 percent will be carrying liquid dieting aids, compared to just 15 percent in 1978.

Candy-type dieting aids were carried by 26 percent in 1978. By the end of this year, the figure is expected to reach 59 percent.

Since tablets are the most popular way to take dieting aids, more brands were carried in this form than in any other type of appetite suppressant. Sample stores are carrying an average of 5.4 brands this year compared to 2.2 brands in 1978. In liquid form, the sample stores stock two brands this year as opposed to one brand two years ago. The figures for candy dieting aids are two brands this year and 1.6 brands in 1978.

The popularity of dieting aids, some buyers say, can be traced in part to good merchandising. Colorful displays by most leading manufacturers aim to capitalize on shopper impulse buying.

"We already have the person looking for a specific product or brand," said an Alabama-based HBA buyer. "These displays seem to turn on the shopper who takes a look and says, 'What the heck. I'll give it a try.'"

Vitamins, Tonics Surge

Another category enjoying hefty supermarket gains is vitamins and tonics. Buyers report that the category showed an 8.7 percent sales growth in 1979. They anticipate another 10.3 percent increase this year.

What's selling? Of those interviewed, half said they carry a private label vitamin, and the rest stock only established brands. Of those not carrying a private label, however, 36 percent said they planned to introduce one sometime in the next two years.

The average store in the sample carries 8.8 brands of vitamins including private labels. The relatively large

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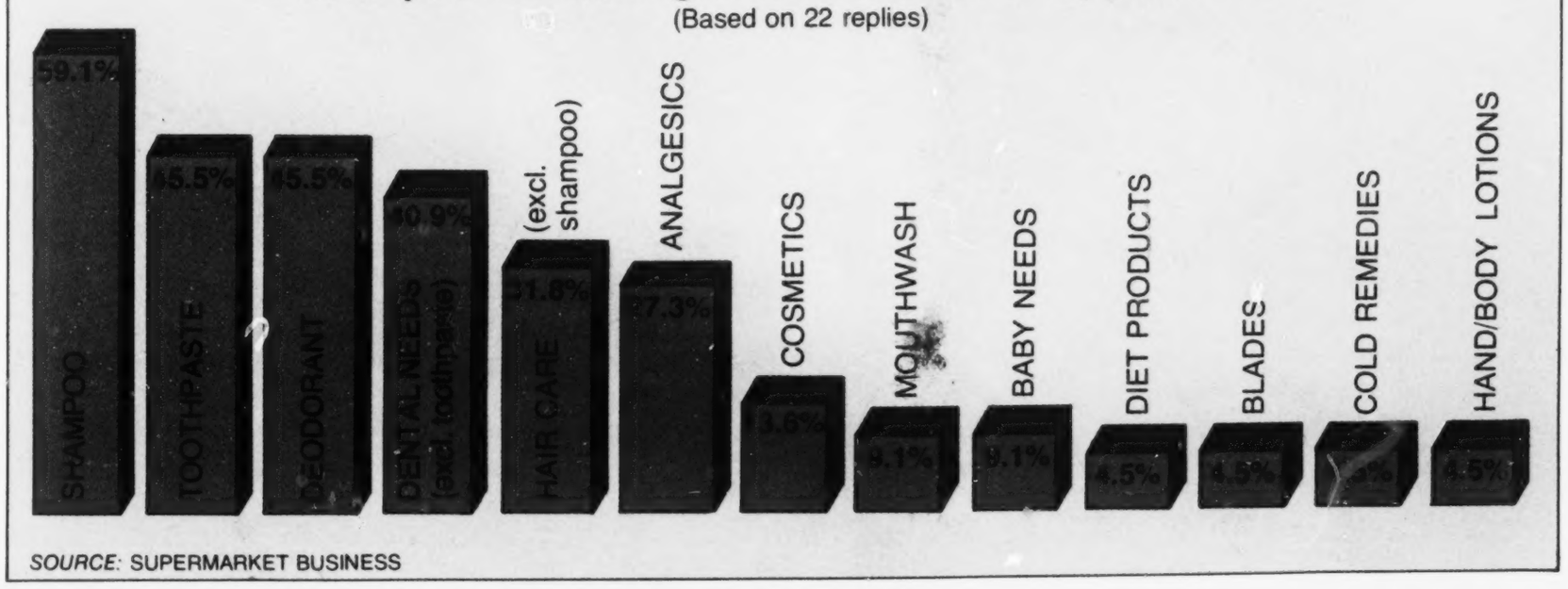
% of Respondents Naming each HBA Item as a 'Top Three' Mover

(Based on 22 replies)



SOURCE: SUPERMARKET BUSINESS

ITEMS CALLED AMONG 'TOP THREE' FAST MOVERS most often were shampoo, toothpaste and deodorant. Cosmetics, while named to the "Top Three" list by a smaller number of buyers, was singled out as one of the fastest rising stars of the HBA category.

■ *Continued from page 32*

number of brands results in a choice between reducing specific types of vitamins to fit available space or increasing space. More stores appear to be choosing the latter course.

"It's hard to carry a full line of all the different brands of vitamins available," a California-based HBA buyer commented. "The category doesn't move fast enough to warrant a tremendous increase in space, so we either limit the number of brands or cut the specific number of vitamins within each brand.

"More likely, though, we will compromise, increasing the size of the department slightly and cutting back on the slower-moving vitamins."

The buyer said vitamin sales were rising enough to merit a closer look at the space allocated to the category.

Overall, the survey showed that space given to vitamins is expected to increase 10.4 percent in the next two years.

Shampoo Tops Best-Sellers

In the battle for best-selling HBA category, shampoo, toothpaste and deodorants led all others. Fifty-one percent of the respondents named shampoo among the top three sellers. Both toothpaste and deodorants were named to the best-seller list by 45 percent of the buyers. The top three sellers were followed by dental needs, hair care products (excluding shampoo), analgesics, cosmetics, mouthwash, baby needs and dieting aids.

"Once you get past the top products, it's all a matter of how you promote the stuff," said the HBA buyer from a Maryland chain. "People are always going to buy toothpaste and shampoo, but the doubt comes in other categories. The 'maybes' are the ones you can do something extra to boost sales."

Within HBA sections, soaps, shaving products and other toiletries carry the lion's share of total sales. The category accounted for 24.9 percent of HBA sales in 1979, virtually identical to the 1978 figure. However, buyers expect that share to dip slightly in 1980.

Non-prescription drugs come next in terms of share of total HBA sales. Non-advertised O-T-C ethicals rose almost a point in share last year. Respondents expect that percentage to hold steady this year. First aid products showed the biggest loss of share, dropping from 18.5 percent of total HBA sales in 1978 to a projected 16.6 percent this year.

Men's Grooming Aids Promising

In the men's grooming category, cologne, after-shave lotion, hair spray and shaving cream are the clear leaders.

"This is a slower moving category, but one we have a lot of hope for," the buyer for a New York chain said. "There's going to have to be more advertising support for some of the less popular items to bring sales up. Three or four products are making most of the noise."

The survey showed somewhat disappointing results for hair coloring items, with no growth in the number of stores selling the category. In fact, most men's grooming aids show little growth in terms of number of stores that carry them.

But distributors contacted by SB said men's grooming aids are on the verge of real growth.

"We intend to go great guns with men's grooming aids," said a large Northwest distributor. "We've already made the space for it in our warehouse. Look for it to do well by the year's end."

Shampoo, Toothpaste Called Best by 45% of Buyers.....

Buyers Divided on Slow-Movers

How do the chains handle slow-moving HBA items? SB's survey found wide variations on the amount of time the buyers were willing to keep such merchandise on their shelves before pulling it.

While some buyers said their companies have a strict enforcement policy—jettisoning the product if it fails to move in two weeks—others

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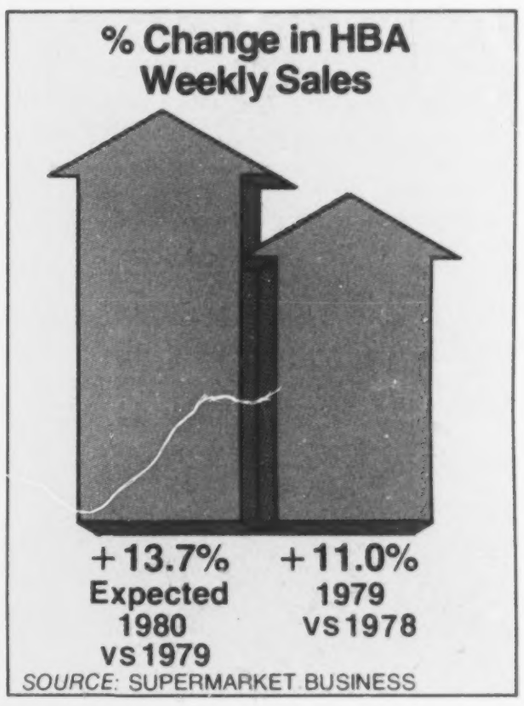
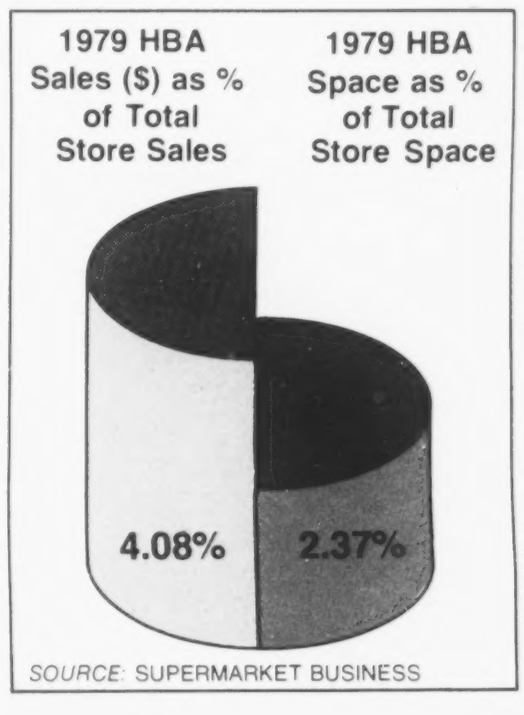
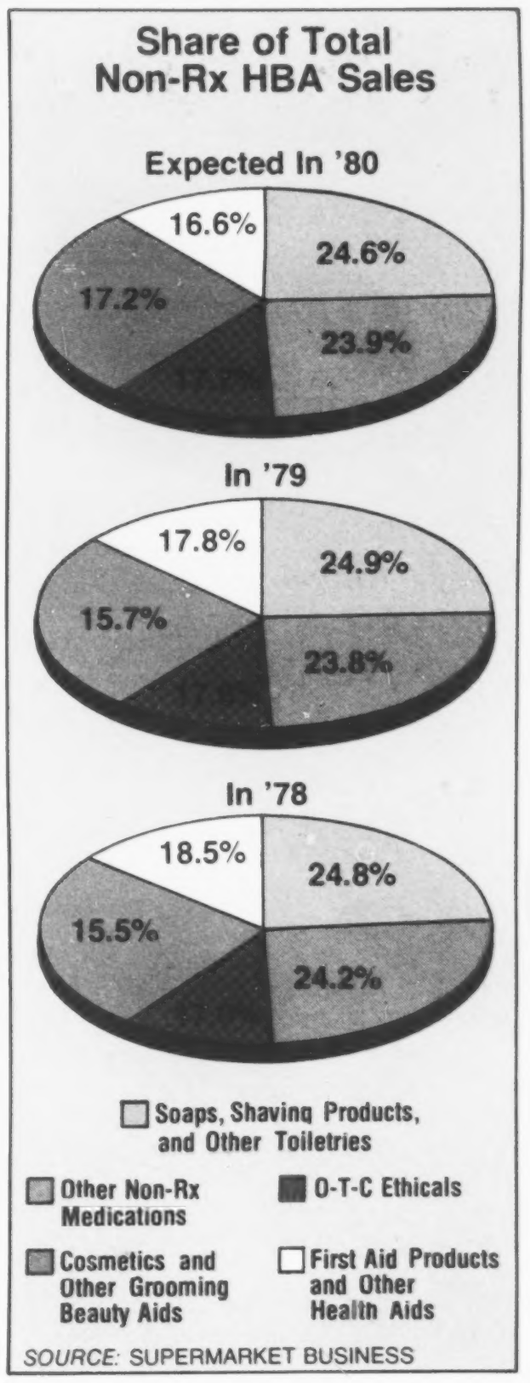






...Followed by Deodorant, Dental Needs, Hair Care Items

■*Continued from opposite page*

said they give a product at least six months and sometimes even a year to see if any movement can be generated.

A third of the respondents put themselves in the less restrictive camp. "HBA products are funny sometimes," the head buyer at a Florida-based chain said. "Sometimes the item will not move at all, and then, without any rhyme or reason, take off. If you force the item too quickly, you're liable to lose out when it hits. On the other hand, it may never hit."

As a result, the Florida buyer subscribes to the six-month theory of movement.

Just under 30 percent of the respondents said three to four months is ample time to see if a product is going to move. Eleven percent said two months is enough, and another 11 percent said they will give a product up to a year to prove itself.

Six percent said five months is enough, and the same percentage prefer the short, two-week experiment.

Of those stores that do not have in-store pharmacies, just under six percent said they expect to add such a facility within the next two years. HBA buyers said a pharmacy helps to increase sales not only in over-the-counter ethical drugs but throughout the entire health and beauty aid department.

SB's survey found sample stores are inclined to maintain their health and beauty aid section in an aisle near the registers. Others have a HBA aisle, but integrate merchandise throughout

■*Continued on next page*

Characteristics of the Sample

Replies from 23 HBA buyers of companies operating	**1,340 stores**
Total 1979 sales per sample store:	
Weekly	**$ 97,031**
Annual	**$5,045,612**
Total 1979 sales for entire sample	**$6.16 billion**
Average selling/display area of sample store	**22,306 sq. ft.**
Average size (sq. ft.) of HBA department	**529 sq. ft.**
Weekly 1979 HBA sales for average sample store	**$3,959**
Weekly sales per square foot:*	
Total store	**$4.35**
HBA department	**$7.48**

*** Excluding back room and other storage space.**

"Of the cosmetic categories you carry, which are your 3 FASTEST movers?"

(Based on 20 Replies)

	Percent of Response*
Lipstick	**70.0%**
Nail Polish	**65.0**
Eye Makeup	**65.0**
Face Creams	**30.0**
Lotions	**10.0**
Blush	**5.0**
Hair Aids	**5.0**
Cologne	**5.0**
Face Makeup	**5.0**

*** Adds to more than 100% due to multiple replies.**

Source: SUPERMARKET BUSINESS

DISPOSABLE FACT #12

AMAZING GROWTH PREDICTED FOR DISPOSABLE SHAVERS

"Gillette's execs, once certain that the disposables market would never exceed 10%, now expect it to top out at 25%. Bic execs are predicting a peak of 40%—and they have been right far more often than Gillette when estimating the disposables market."

David Pinto, Chain Drug Review, 2/11/80

SHOULDN'T YOU REPLACE THE BLADES THAT AREN'T SELLING WITH THE SHAVER THAT IS.

BIC® shaver

Circle No. 28 on product card

Other Supers, Discounters Called Strong Competitors

"We can beat the discount store if we stay well coordinated, have our shelves working near capacity and have the mix people want (because) customers would be doing themselves a disservice by not buying these items in supermarkets."

■*Continued from preceding page*

the store—particularly at the front end.

Since theft is considered by many buyers to be more of a threat in the HBA section than in other departments, the survey found that particular care is taken to position the section where it can be seen best by store employees.

"We've been targets for theft on so many occasions that we're almost out of ideas on how to stop it," a store manager in a major Minnesota chain said. "We're going to experiment with segregating the section even more and have someone try to keep an eye on it all the time."

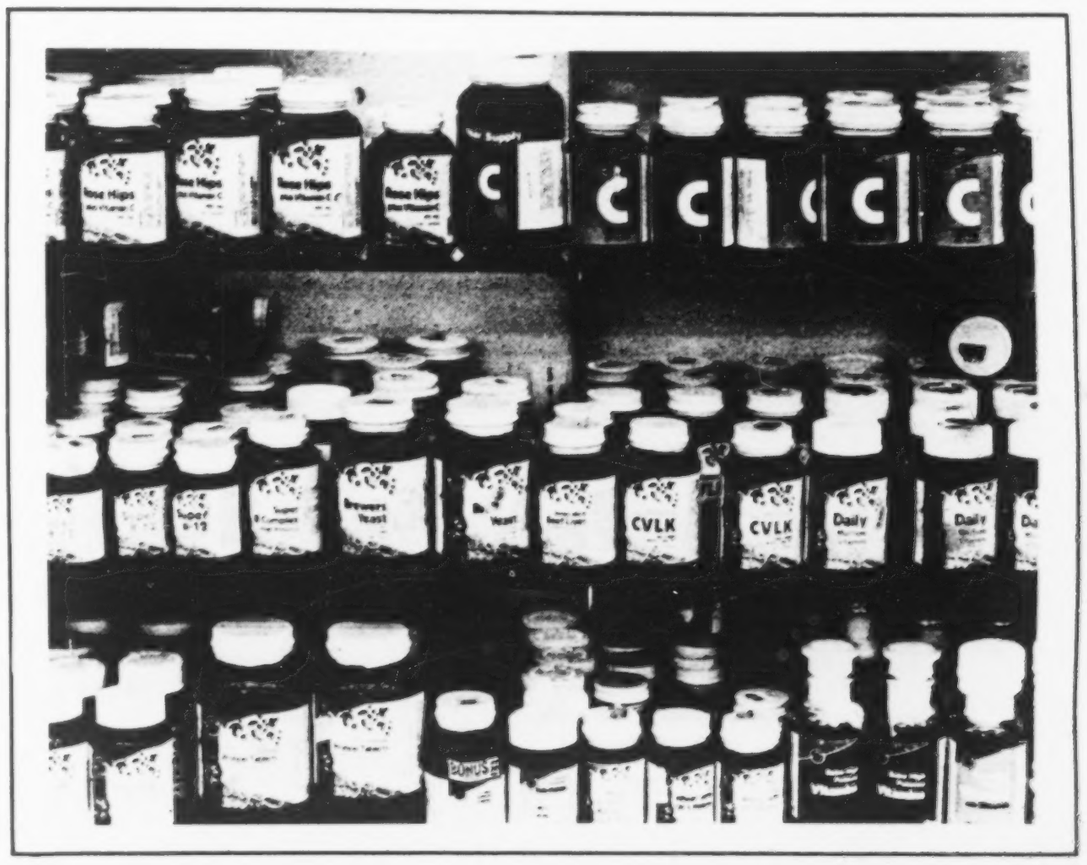
In response to a question about competition, the majority of the buyers pointed to other supermarkets, discount outlets and drugstore as the most serious threats. Only 18.2 percent said they competed heavily with convenience stores.

"We can beat the discount store," one buyer from Arizona said, "if we stay well-coordinated, have our shelves working near capacity and have the mix people want.

"They (the customers) would be a heck of lot more convenient."

doing themselves a disservice by not buying these items in supermarkets," the buyer continued. "There is not that much difference in price, and it's

The buyer said that as long as stores keep up to date on trends, price fluctuations and buying habits, they will be in a competitive position." ■



"Which of the following types of DIETING AIDS do you carry?"

(Based on 19 Replies)

	Percent of Response in 1980	in 1979	in 1978
Appetite Supressants			
Tablets	73.7%	57.9%	31.6%
Liquids	57.9	36.8	15.8
Candy-Type	59.9	57.9	26.3
Other (non-Rx) Dieting Aids	15.8	15.8	15.8

Source: SUPERMARKET BUSINESS

"How many BRANDS of each of the following dieting aids do you carry?"

	Avg. Number of Brands in 1980	in 1979	in 1978
Appetite Supressants			
Tablets	5.4	3.4	2.2
Liquids	2.0	1.7	1.0
Candy-Type	2.0	1.6	1.6
Other (non-Rx) Dieting Aids	3.0	3.0	2.7

Source: SUPERMARKET BUSINESS

"Which of the following types of MEN'S GROOMING AIDS do you carry?"

(Based on 19 Replies)

	Percent of Response in 1980	in 1979	in 1978
Men's hair coloring	42.1%	42.1%	42.1%
Men's hair spray	84.2	84.2	78.9
Men's skin creams	52.6	47.4	47.4
Men's cologne	78.9	78.9	73.7
Men's after-shave	94.7	94.7	94.7

Source: SUPERMARKET BUSINESS

"Which of the following types of COSMETICS and other women's beauty aids do you carry?"

(Based on 17 replies)

	Percent of Response in 1980	in 1979	in 1978
Lipstick	76.5%	76.5%	52.9%
Nail Enamel	82.4	82.4	64.7
Eye Shadow	76.5	76.5	52.9
Makeup Bases	76.5	76.5	52.9
Blush Makeup	76.5	76.5	52.9
Face Creams	88.2	88.2	70.6
Perfumes/Fragrances	23.5	17.6	11.8

Source: SUPERMARKET BUSINESS

"How many BRANDS of these cosmetics do you carry?" (For those carrying any)

	Avg. Number of Brands in 1980	in 1979	in 1978
Lipstick	3.7	3.0	3.0
Nail Enamel	3.3	2.9	2.5
Eye Shadow	3.1	2.5	2.4
Makeup Bases	2.3	2.0	1.9
Blush Makeup	2.3	1.9	1.9
Face Creams	3.7	3.3	3.5
Perfumes/Fragrances	6.8	5.3	4.5

Source: SUPERMARKET BUSINESS

"How many BRANDS of each of these men's grooming aids do you carry?" (For those carrying any)

	Avg. Number of Brands in 1980	in 1979	in 1978
Men's hair coloring	1.9	1.4	1.4
Men's hair spray	4.5	4.3	4.3
Men's skin creams	2.5	2.6	2.4
Men's cologne	4.9	4.3	3.6
Men's after shave	5.7	5.7	4.8

Source: SUPERMARKET BUSINESS

New Supplier Ad Campaigns, High Margins Prompt Cosmetic Space Hikes of 5-50%

by Joe Allen,
general merchandise editor

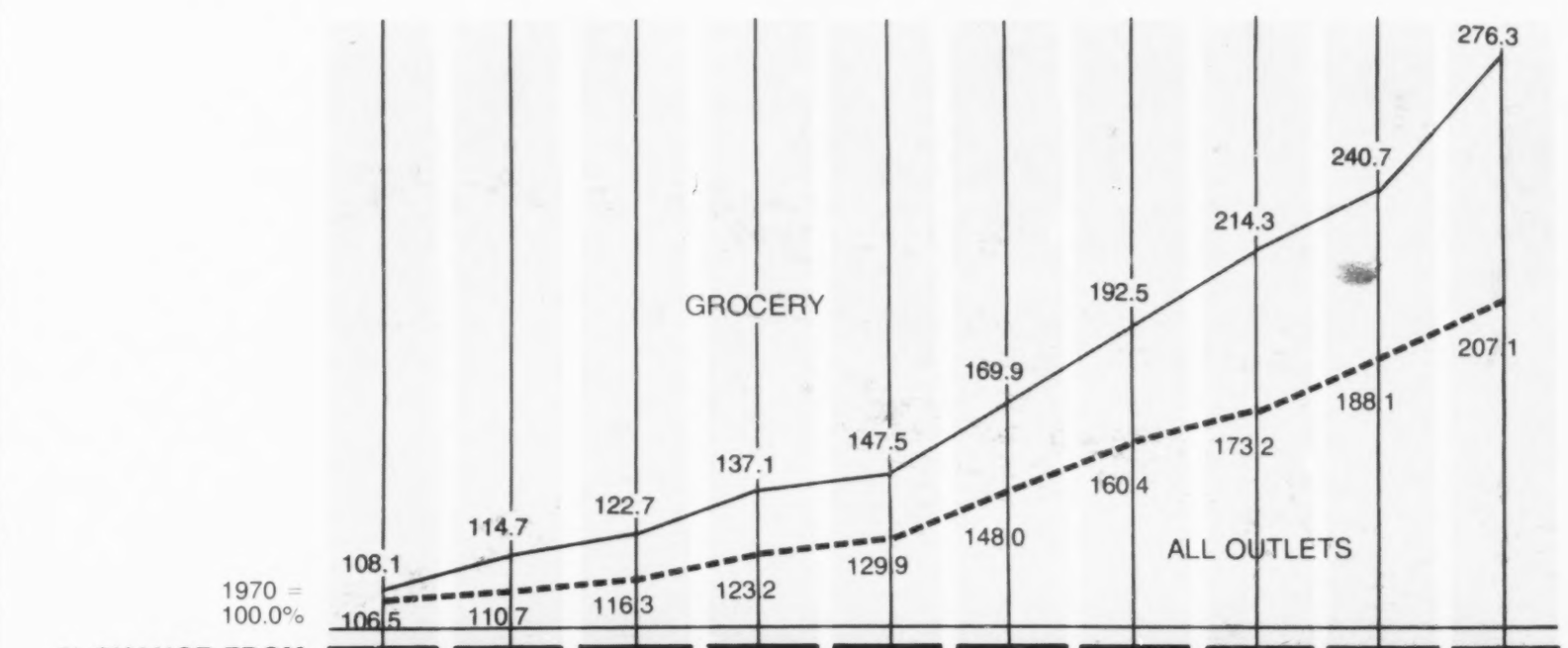
NEW YORK CITY—Cosmetics are making noise in HBA sections. With new consumer awareness concerning beauty, large-scale advertising by manufacturers, and margins running in the mid- to upper-30 percent range, retailers are finding it attractive to set up and build cosmetics categories.

The cosmetics outlook is extremely good from the point of view of both the distributor and the retailer, a few of whom are reporting sales growth of 50 percent or more.

Most distributors interviewed by SUPERMARKET BUSINESS said they were making more space in their warehouses to accommodate a larger, more diverse inventory. Most retailers questioned said they showed significant increases in sales during the past year and expected the trend to continue. Accordingly, many are increasing the size of their cosmetic departments anywhere from five to 50 percent.

Enthusiasm for cosmetics may be spilling over from women's products to men's grooming aids, a category just entering its own in the view of some distributors and retailers. Introductions of some new products, refinements of older ones and lateral movement within established categories have resulted in increases in sales and space allocation plans, although not as dramatic as in women's cosmetics.

Index Of Cosmetic And Hand Product Sales ($) In All Outlets And In Grocery Stores Alone. (1970 = 100.0%)



% CHANGE FROM PREVIOUS YEAR	1971	1972	1973	1974	1975	1976	1977	1978	1979*	1980*
GROCERY	+ 8.1	+6.1	+7.0	+11.7	+7.6	+15.2	+13.3	+11.3	+12.3	+14.8
ALL OUTLETS	+ 6.5	+3.9	+5.1	+ 5.9	+ 5.4	+13.9	+ 8.4	+ 8.0	+ 8.6	+10.1

*From 1980 HBA Survey. All other estimates from CES studies

Year-Round Inventories

Large-scale cosmetics inventory has not always been a year-round activity. In the past, distributors often carried extensive cosmetics and franchise fragrance assortments only during the Christmas holiday season, letting the category deplete itself in the early part of the year. Now, some of those distributors are carrying such categories all year.

Spartan Stores (Grand Rapids, Mich.) is one such distributor. "It's basically a new category for us," said HBA buyer Fred Morganthal. "In the past, we would bring in franchise fragrances only during the holiday season. This year, we brought them in for the same holidays but are keeping our inventory going the entire year.

"We had been successful with some over-the-counter drugs and other health and beauty items more associated with drug stores so we decided to gamble with franchise fragrances and more expensive cosmetics. It's not so much a gamble as it is a willingness to get into it on a grander scale."

One reason for Spartan's greater involvement in cosmetics is the belief that having those products on hand will encourage shoppers to buy other things, according to director of purchasing Chuck Losey.

"Women come in knowing they need lipstick. While they're there, they'll remember they need other products, too," Losey observed.

Manufacturers' advertising is also a factor, he continued. "With the amount of money manufacturers are spending on advertising, companies like Maybelline are pretty familiar among shoppers. It makes it a lot easier for shoppers to buy," Losey said.

Jeannette Hershey, assistant manager and buyer at A.W. General Merchandise (York, Pa.) said year-round cosmetics are new to her company, too. "In the past we've had some nail polish, a couple of items like Lip Quencher, but nothing very extensive.

"We wanted to have cosmetics for a while but we just didn't have the space," Hershey said. "We moved into a new warehouse where we have the space to do what we want with that category. We want to expand our cosmetics program because we can see the whole thing really taking off."

Definitely Has a Place

Another distributor recognizing the potential in cosmetics is Wetterau (Desloge, Mo.) HBA buyer Bill Woolsey admitted that "up until now, we haven't done too much with cosmetics. It's an item you have to have space designated for. It can too easily get shoved aside."

But Wetterau, recognizing that "it definitely has a place on supermarket shelves," has apparently decided to create the space for cosmetics, Woolsey added. In the past three months, he said, Wetterau has spent a lot of time revamping its cosmetics program. "We've been working on a combination of things. We are trying to decide what new items to add and are exploring the possibility of adding a few new lines in the future."

Woolsey said Wetterau's new cosmetics program will be ready within two months.

In the past, consumers have been tentative on cosmetics purchases in supermarkets, and year-to-year sales increases have been inconsistent over the past decade. Despite the inconsistency, supermarkets' sales rose at higher rate than other cosmetics outlets for the entire period, according to SB's annual Consumer Expenditures Studies.

In 1971, cosmetics sales in all outlets rose by six percent. In supermarkets, that figure was 13.5 percent. In 1972, all outlets rose 4.4 percent while supermarkets showed a 6.6 percent gain. In 1976, both sales figures jumped—all outlets by 13.9 percent and supermarkets by 15.2 percent. In 1979 supermarket sales in cosmetics rose by 12.3 percent and in 1980, HBA buyers project a 14.8 percent gain.

Most chain buyers interviewed said their 1979 growth in cosmetic sales was between 10 and 20 percent. For 1980 buyers foresee increases ranging from five percent up to a staggering 100 percent.

Three Items Move Best

According to an HBA buyer for a Syracuse, N.Y. chain, lipsticks, eye makeup and nail polish were the best movers. The buyer said his cosmetics departments carried 30 different shades and/or brands of lipstick, 30 shades and/or brands of eye makeup and 60 colors and/or brands of nail polish. He also said he was looking forward to a 50 percent increase in the space allotted to cosmetics.

An Alabama store's HBA buyer said 1979 cosmetic sales were 50 percent higher than they were in 1978. He predicted 1980 increases will be just as high. "We've had to increase the size of our cosmetics department by 20 per-

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cent in order to sell everything people want. It's really been a hot category for us," the buyer said. Nail polish, lipstick and face creams were the hottest items in his stores.

A Baltimore-based chain's HBA buyer said he will add 15 percent more space in order to keep up with increased demand. He said cosmetics are accounting for close to five percent of his general merchandise sales.

An HBA buyer for an Arizona-based chain said his 1979 sales increases in cosmetics topped 10 percent. He predicted the figure will jump to 20 percent during 1980. To keep up with the demand, the category will be receiving an additional 10 percent of space.

"Lipsticks and eye makeup are our best categories," the buyer said. "Within six to eight months we are going to kick off a major push in that area and we hope to exceed our perdictions."

Limited Space a Problem

A buyer at a Minnesota chain said space has been a problem in the past. "We've seen cosmetic sales increase by five to ten percent in the past few years with the limited space we have. What we're going to do is double or triple our offerings in the next year. Since space is limited, more offerings will mean fewer stock-keeping units and more re-stocking. It also means running the risk of creating stock-out problems," the buyer said.

As was the case with many other stores contacted, lipstick and nail polish were the best-selling items for this chain although blushes made the top three.

Cosmetics sales jumped more than 25 percent in one West Coast chain, according to its HBA buyer. The projections are for another 20 to 30 percent hike this year as well. "It's going very well right now," the buyer said. "There's some excellent coordination going on. We're being supplied well, our customers are finding what they want and we're moving an awful lot of cosmetics. We're going to increase the size of our departments in most of our stores by about 25 percent," the buyer added. Lipsticks, nail polish and eye shadow once again were the fastest movers.

Slower Gain for Men's Products

What about men's grooming aids? While most stores acknowledge an improvement in sales over a few years ago, it doesn't come close to the activity in womens' cosmetics.

According to those interviewed, sales of men's grooming aids were up an average of 6.5 percent last year and will rise another 6.7 percent this year. Buyers also expect to see the category gain an additional 2.5 percent of space in the next two years.

The most popular men's items are colognes and after-shaves, with almost every store contacted reporting the pair were the best sellers in their grooming aids departments.

Hair sprays are considered hot items as well by buyers who cited shorter and neater men's hairstyles as a reason. There is a rebirth in hair tonics, too, according to buyers. Traditional hair products such as Vitalis and Brylcreem are selling strongly.

The jury is still out on the success of men's hair colorings. Some store buyers and distributors say hair coloring is moving very well, while others say it is among their least effective movers.

Franchise cosmetics (examples of which are Jovan, Revlon, Dana, Tabu and Cache) are growing in popularity in supermarkets, but some are difficult to get, some distributors say. "Franchise cosmetics are up and coming in supermarkets," said Spartan's Losey. "Some manufacturers, though, are still unwilling to sell to supermarkets."

Losey's comments were echoed by another distributor, who told SB, "Manufacturers still are under the impression that they will cut down on their sales in other outlets or have the image of their products hurt by selling to supermarkets."

In order to supply stores with the popular franchise items, distributors are obtaining supplies however they can, taking advantage of deals when possible or working through diverters.

"We have to get them because our customers want them. It's not as easy coming up with some of the items, but it's worth it because they move," one said.

In the midst of the hoopla surrounding cosmetics and franchise fragrances, many chains and independents don't feel the space devoted to cosmetics will bring a justifiable ROI. Since space is a valuable commodity, HBA buyers and other retailers are often hedging on what to do with cosmetics. "We're a grocery store selling primarily grocery products," said Jim Frakes, HBA buyer at Fare Way Stores (Boone, Iowa). "Consequently, we devote most of our space to grocery products. We have to carry HBA products for our customers, so we do. But we've overextended ourselves in the HBA category, giving it more space than we feel is helpful. As a result, we're avoiding cosmetics entirely."

It's the opposite view, however, that's prevailing in HBA sections. With consumer and manufacturer support, and with solid margins possible, more and more retailers are beginning to feel that cosmetics are an important part of their HBA departments. ■

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The Academy, which prepares young people for management careers in the food and allied industries, was established in 1962, with status as a separate department of the University. It has now grown to become the largest of six such programs at colleges and universities in the United States. The curriculum for a major in food marketing covers all aspects of the food industry from agricultural economics to consumerism. The progressive gains in student enrollment (currently 350), have enabled the Academy to achieve a standing as the third largest major on the campus, and an alumni of 538 since the first graduating class in 1966.

The Academy receives special support and counsel from an Industry Board of Governors, whose members work very closely with the Administrators of the College and with the two full-time administrators of the Academy.

Operating expenses for administering the Academy's programs and activities include research conducted by students and faculty, a professionally staffed Food Marketing Library, part-time and summer work for students, individual student counseling, placement of graduates, college reimbursements for supporting services and industry relations. Income for these programs has been primarily generated by two citation dinners held each year. Although these dinners have been well supported by the food and allied industries in the past, there is a need to establish a more stable financial base to perpetuate the administration of the Academy and its special programs. An endowment fund is being created for this purpose.

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